

Message Text

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ACTION COME-00

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INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC 3854

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EO 11652: N/A

TAGS: BEXP, PE

SUBJ: COMMERCIAL ACTION PROGRAM (CAP) - PERU FY 1975 -

SECOND QUARTERLY REVIEW

REF: A) STATE 0662; B) LIMA -10230; C) LIMA-7462

1. SINCE REFTEL (B), YEAR-END ANNUAL LEAVE UTILIZATION AND NORMAL POST-TECNOMIN ACTIVITIES HAVE OCCUPIED MOST OF SECTION'S TIME TOGETHER WITH NORMAL ACTIVITIES OF SECTION.

2. CAMPAIGN #1

REGARDING WORLD MINING FAIR, LATEST RESULTS INDICATE OFF-THE-FLOOR SALES OF \$4,993 MILLION (SEE LIMA'S 0311) AND OVER \$22 MILLION FOR POTENTIAL SALES. RESULTS INDICATE THAT U.S. PARTICIPATION FOR POTENTIAL SALES. RESULTS INDICATE THAT U.S. PARTICIPATION NOT ONLY STRENGTHENED OUR MARKET POSITION IN THIS VITAL MACHINERY SECTOR, BUT ALSO CONTRIBUTED TO EXTRA SALES OF EQUIPMENT WHICH OTHERWISE WOULD NOT HAVE TAKEN PLACE.

3. CAMPAIGN #2

EMBASSY HAS BEEN ASSISTING WITH POSSIBLE LOAN APPLICATION BY GOP FOR EXIMBANK FINANCING FOR CONSTRUCTION OF PETROLEUM PIPELINE FROM PETROPERU PRODUCING FIELDS TO COAST. ALTHOUGH UNCLASSIFIED

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THIS IS STILL TENTATIVE, SUCCESSFUL COMPLETION WOULD MAN LARGE

INCREASE IN SALES OF CONSTRUCTION EQUIPMENT AND SIZABLE CONSTRUCTION CONTRACT FOR U.S. FIRMS (TOTAL COST OF U.S. GOODS AND SERVICES WOULD BE \$100 MILLION). EMBASSY WILL CONTINUE TO ASSIST WHERE POSSIBLE.

4. CAMPAIGN #3

CONTACTS HAVE BEEN REGULARLY MAINTAINED WITH ELECTROPERU. SUCH CONTACTS HAVE RESULTED IN AT LEAST TWO VERY INTERESTING TRADE OPPORTUNITIES WHICH WILL BE REPORTED VERY SOON. EMBASSY HAS BEEN PROMISED COPY OF FEASIBILITY REPORT AS SOON AS FINISHED, PROBABLY DURING SECOND QUARTER CY 1975, A SLIGHT SLIPPAGE FROM ORIGINAL TARGET DATE.

5. CAMPAIGN #4

LATEST STATUS REPORT ON COLOR TV SITUATION FORWARDED BY LIMA 0675. EMBASSY WILL MAINTAIN NEWLY ESTABLISHED CONTACTS WITH ENRAD OFFICIALS AND TECHNICIANS BUT THERE ARE NO SIGNS THAT COLOR TV DECISION WILL BE TAKEN SOON.

ANDEAN PACT SECRETARIAT EXPERT ON COLOR TV NOW IN U.S. ON LEADER GRANT ARRANGED BY EMBASSY.

6. SURVEY CAMPAIGN

IN CONNECTION ACTION 4, EMBASSY HAS BEEN SPENDING CNSIDERABLE AMOUNT OF TIME ON CLARIFYING SEVERAL PROBLEMS ON CONTRACT TERMS ON LOANS ALREADY APPROVED BY EXIMBANK FOR AIR-CRAFT AND AIRPORT EQUIPMENT SALES (SEE LIMA 0046, 0591, 0279). SINCE THESE ARE FIRST CONTRACTS TO BE SIGNED AFTER SEVERAL YEARS ON NON-ACTIVITY, EMBASSY HAS BEEN INCREASINGLY INVOLVED IN CLEARING UP MANY COMPLICATIONS WHICH HAVE DELAYED SIGNING OF CONTRACTS.

7. CAMPAIGN #5 (NEW CAMPAIGN)

INCREASED SALES OF U.S. CAPITAL EQUIPMENT BY SPONSORING AND ORGANIZING AN OFFICIAL UNITED STATES PAVILION AT THE NINTH PACIFIC INTERNATIONAL FAIR (NOVEMBER 12-23, 1975).

ANNUAL MAN - DAYS ALLOTMENT:

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FSO 4 - R. RUEDA60 MD
FSL 7 - R. KCOMT.....50 MD
FSL 9/CLK./TYPIST C. ANDERSON. 45 MD

PRIME REQUISITE FOR SUCCESSFUL TRADE FAIR PARTICIPATION IN PERU IS LONG LEAD TIME TO PREPARE MOST EFFECTIVE PARTICIPATION. COMATT HAS ALREADY INFORMALLY VISITED 30 U.S. COMPANY REPRESENTATIVES IN ANTICIPATION OF FINAL DESIGNATION AS COMMERCIAL

PRESENCE FAIR (CPF). WHEN FINAL DESIGNATION MADE EMBASSY WILL BEGIN FORMAL PREPARATIONS FOR U.S. PAVILION.

ACTION 1; COMATT WILL CONTINUE RECRUITMENT OF FIRMS FOR U.S. PAVILION.

ACTION 2: FSL KCOMT WILL ASSIST IN RECRUITMENT OF FIRMS BUT PRINCIPALLY WILL CONCENTRATE ON PRELIMINARY PREPARATION OF PAVILION.

ACTION 3: FSL ANDERSON WILL PROVIDE SECRETARIAL AND ADMINISTRATIVE SUPPORT FOR U.S. PARTICIPATION.

ACTION 4: USIS WILL PREPARE SUITABLE EXHIBIT FOR U.S. PAVILION DESIGNED TO APPEAL TO ESTIMATED 550,000-600,000 VISITORS TO FAIR. SPACE FOR EXHIBIT TO BE PROVIDED RENT FREE.

8. SURVEY CAMPAIGN: (NEW ACTION)

1) FSL FALCON WILL PREPARE A PROMOTION THEME RECOMMENDATION ON PRINTING MACHINES INCLUDING GRAVURE, LITHOGRAPH AND LETTER PRESSES.

2) FSL FALCON WILL PREPARE A POST-INITIATED MARKET SURVEY ON "BUSINESS EQUIPMENT" IN ACCORDANCE WITH A-9312 OF NOVEMBER 12, 1974.

COMMENT:

REFTEL (A) SUGGESTED TWO NEW CAMPAIGNS BECAUSE CAMPAIGNS 1 AND 2 COMPLETED AND CAMPAIGN 4 DORMANT. AS CAN BE SEEN FROM PREVIOUS, CAMPAIGN 2 STILL VERY MUCH ALIVE BECAUSE OF POSSIBILITY OF FINANCING FOR PIPELINE, WHICH WOULD PROVIDE SIZEABLE NEW EXPORTS. CAMPAIGN 4 STILL REQUIRES SOME ACTIVITY. MAIN THRUST UNCLASSIFIED

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IS NEW CAMPAIGN 5 FOR U.S. PARTICIPATION IN PACIFIC FAIR. UNDER PRESENT IMPORT CONTROL SYSTEM, IMPORTS OF CAPITAL EQUIPMENT THROUGH PARTICIPATION IN FAIR ARE ONLY WAY EQUIPMENT ADDITIONAL TO IMPORT QUOTAS CAN COME INTO COUNTRY. THIS POSSIBILITY WARRANTS HEAVY EXPENDITURE IN TIME AND EFFORT BY COMMERCIAL SECTION ON NEW CAMPAIGN. ALSO, WE ARE RELIABLY INFORMED THAT USSR AND EASTERN EUROPEAN COUNTRIES PLAN SIGNIFICANTLY LARGER THAN NORMAL EXHIBITS. A GOOD SHOWING ON PART OF U.S. IS BELIEVED IMPORTANT TO PROTECT U.S. MARKET SHARE IN FACE OF GROWING COMPETITION FROM SOCIALIST COUNTRIES.

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